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Chapters on Silver

BY

HON. HENRY G. MILLER

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115 MONROE STREET

CHICAGO

CHAPTERS ON SILVER

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CHAPTERS ON SILVER.

CHAPTER I.

The end of all industrial activity is trade and commerce, or an exchange of the products of industries. These products when put upon the market and made the subjects of commerce are called commodities. As money is the instrument with which these exchanges are effected, its value is its exchangeable relation to the commodity with which it is compared. It has no other value. Its value is wholly extrinsic and is expressed in the terms of the commodity for which it is exchanged.

The word value, when predicated of commodities, is called price; when predicated of money it means the purchasing power of money. The purchasing power of money and the prices of commodities are determined by the law of supply and demand. The purchasing power of money (that is, of the unit of money) decreases as its volume in use or circulation increases, and in-

creases as its volume diminishes, and this without any regard whatever to the material of which money is made. The decrease in the purchasing power of money is manifested by a rise in the prices of commodities and other forms of property, including labor. While this process is going on money in idleness is diminishing in value and eagerly seeks employment in productive industries to share with labor the profits realized from such employment, and this period is always distinguished as an era of general prosperity. On the other hand, an increase in the purchasing power of money is manifested by a fall in the prices of commodities and other forms of property, including labor.

During this process idle money is constantly increasing in value, and this alluring temptation to idleness cannot be overcome, but is rather intensified by the cries of distress arising from a general prostration of industry. Money is selfish, and quick to discern its real interests. It can neither be moved by expostulation nor cajoled by flattery. Fattening in repose, it will hibernate in bank vaults or venture into investments at a low interest when the securities are ample, but it will not engage in productive industries when prices

are falling. During this period of falling prices the conduct of the servant who should dig in the earth and hide his lord's money should be commended rather than condemned, for nothing could be gained from the use of it, and when called upon he could easily return the principal sum, with the largely increased value it had acquired while in retirement.

Falling prices cause a constant shrinkage of profits, and as every dollar paid for wages is a dollar taken from profits, the resulting loss must be borne by labor or capital or both, and the insistence of capital for its accustomed dividends and of labor for its accustomed wages engenders a war between forces whose friendly co-operation is indispensable to the continuance of production. This is the cause of the social disorders we are now witnessing, the realities of which baffle description, and which, though they may be mitigated, will not be wholly averted until their cause is removed.

The recuperative energies of our country will enable it to endure the process of recovering from an unnatural or artificial increase of its money stock by a reduction of this stock to its normal quantity, if the corrective is administered with a

proper regard for our industries, but it cannot withstand the convulsion that must ensue if, in addition to the administering of this corrective, the process of reducing the money stock—that is, the money of ultimate payment—far below its normal quantity is at the same time going on. The reduction of the money stock means a decline in prices until the value of other forms of property, including labor, becomes adjusted to the reduced volume of money, and when this is reached to continue the then ratio between money and other property, constant additions must be made to the money stock to cover the wastage by use and casualties and to meet the requirements of advancing population and production, otherwise the inclination of prices must be continuously downward. In the meantime, while this dismal change is going on, all debts and the interest accumulating upon them, together with taxes, remain with the fixedness of fate at their summit level, and they must be discharged dollar for dollar with the dearer money. As to these debts, the fruits of such a policy are vanishing equities and endless changes for nominal sums in the ownership of property through the agency of judicial sales. In such times the ravages of money can only be compared to the waste of a conflagration.

CHAPTER II.

The relation of money to other forms of property can be best understood by regarding money as occupying one scale of the balance and other forms of property as occupying the other scale. As the volume of money increases, its value or purchasing power falls, and this is manifested by a rise in the value or prices of other forms of property; as its volume diminishes its value or purchasing power rises, and this is manifested by a fall in the value or prices of other forms of property. These scales never rise or fall together, but always alternately. It follows that the purchasing power of money is determined by the mass or quantity of it in circulation, and not by the character of the substance in which the unit of money is embodied. The ratio or proportion of money to other forms of property is about as 1 to 40; that is, for every dollar of money there are $40 in other forms of property; therefore, for every dollar that is given to the owners of money by increasing its purchas-

ing power, $40, by a fall of prices, are taken from the owners of other forms of property. To say that our money of ultimate payment should be made of gold alone, and that all our currency shall be convertible into gold, is to reduce the volume of our money stock to the quantity of gold obtainable by the country for monetary purposes, subject to all the fluctuations that attend the supply of that metal.

As the oscillations of the mercury in the barometer indicate the state of the atmosphere, so will the inflow and outflow of gold indicate the condition of the money supply at all our money centers, and this movement will continue as it does now to absorb the attention of our business men and control their conduct. It causes sudden contractions and expansions of our money volume and the credits resting upon it, and when gold alone is the money of commercial nations a disturbance at the money center of one of them is quickly felt at the money centers of all the others. This was strikingly illustrated by the Barings' failure in the autumn of 1890, when the Bank of England intervened and frantically appealed to other countries for gold to save English credit France and Russia liberally responded to this appeal, not from

national sympathy, but to prevent the catastrophe which then threatened the commercial world, and as Chancellor Goschen said in his speech at Leeds in January, 1891, England escaped "by the skin of her teeth."

When gold alone is used as the money of ultimate payment there is no limit to the rise of its value or purchasing power and the consequent fall of the prices of other forms of property. It is quite likely to reach a point when the property of the world will not be sufficient to pay the world's indebtedness—when mortgages virtually become deeds, and there is a rapid transfer of ownership from debtors to creditors—from the most active and enterprising portion of the community to the drones of society.

The only way to check the rise in the value of gold is to use some metallic substance that can freely take its place for monetary purposes, so that their reciprocal or compensatory action in the currency will keep or tend to keep the value of the two metals in equipoise. Standard in the science of money, M. Connuschi says, is the metal selected for monetary use. When one metal is selected the standard is single, or monometallic, when two metals are selected the stand-

ard is double, or bimetallic. Bimetallism, therefore, is the use of the two metals, gold and silver, upon precisely equal terms for monetary purposes. In other words, it is the unrestricted coinage of both metals upon a prescribed ratio and the equal use of the coins struck from them as money of ultimate payment. The country whose laws provide for this is bimetallic without regard to the relative quantity of the metals so used. The purchase by the government and the restricted use of one of the metals, silver, for instance, while the other, gold, is treated as the standard or measure of value, does not place the country upon a bimetallic, but upon a single, gold, standard. It is in no sense bimetallism, but gold monometallism. Any device for the "larger use of silver" will not cure the difficulty. It may cause a temporary alleviation, but, like a larger use of paper money, it will in the end only aggravate the situation.

CHAPTER III.

Ratio in our coinage laws means the relation which a given quantity by weight of one of the metals bears to a given quantity of the other as its legal equivalent.

If the mint is opened to the equal reception of both metals and the ratio prescribed by law is 1 to 16, then the coins struck from one ounce of gold are the legal equivalent of the coins struck from sixteen ounces of silver, and being equivalent representatives of the money mint they must, when used as money, have the same value; for things that are equal to the same thing are equal to each other. Hence, this talk about dollars having different degrees of value or purchasing power and the value of a silver dollar being less than that of the gold dollar is nonsense. When the two metals flow through the mint into the currency on terms of perfect equality upon a ratio prescribed by law the mint affords to each of them a permanent market at its legal value, and its commodity or

market value can never fall below its mint or legal valuation. For the owner of the bullion will not sell it in the market for a less number of dollars than the mint will pay him for it; and the purchaser, rather than pay any more for it, will put the coins struck from it into the melting pot; therefore, when the law provides for the free and unrestricted coinage of gold and silver upon a prescribed ratio the market relation of the metals will be coincident with their mint or legal relation, save only, when in some other country one of the metals will exchange for a larger quantity of the other metal, than the home mint will give for it; and then instead of going to the mint it will migrate to the other country.

The movement of the metals is governed by a law as inexorable as that of gravitation which impels each of them to the place or country where it will exchange for the larger quantity of the other metal. If the mint valuation is an over valuation of one of them as compared with the other—that is, if it will exchange for a larger quantity of the other metal at the mint than in the market, it will be attracted to the mint; and, as lenders always lend the cheapest money and debtors pay

the cheapest, this will increase the demand for it for monetary use, and consequently raise its value, while the demand for the other metal will in a corresponding degree be diminished, and the value of it will accordingly decline.

The volume of the currency will be kept at its ordinary level, for as one metal retires the other will take its place. Hence, their equilibratory action in the currency tends to an equipose of their value. When two vessels are separated from each other the height to which a fluid will rise in each depends upon the quantity poured into it, but when there is a connecting pipe between them the fluid will rise to the same level in both, whichever receives the supply; and this, says Jevons, exactly illustrates the movement of the metals in western Europe under the operation of the French law of 1803, which provided for the unrestricted coinage of both upon a ratio of 1 to 15 1-2 and which gave to the coins struck from each the office of unlimited legal tender. Their legal tender function was the connecting pipe and the fluid drawn from either of them was a single fluid, though in the inflow the color of one of them may have been white and that of the other yellow. So, when the standard is bimetallic the resulting

money is a single money, and in its relation to commodities as expressive of value is a single standard, but is called the bimetallic standard because two metals are selected for monetary use; and to dispel the notion of a double measurement Mr. Helm, in his recent valuable work, calls it "the joint standard." The effect of this standard is to steady the volume of money and the consequent prices of commodities and prevent those sharp fluctuations which inevitably take place when only a single metal is used.

Our able secretary of the treasury, in his speech at New York, November 29, 1893, said: "For my part, I have never been able to understand what is meant by bimetallic standard." It is not an impertinent suggestion that he should suspend his opposition to it until he shall have learned what it is. Under this law of 1803 the mint of France was open to the reception of both metals upon equal terms for seventy years, during which period, although the relative quantities of the two metals in the world's money stock changed from 3 to 1 of silver to 4 to 3 of gold, fifteen and a half ounces of silver would exchange for one ounce of gold the world over, and this was practically the par of exchange between silver-and-

gold-using countries during that time. The operation of the French law demonstrated that while silver sometimes predominated, at other times gold, any change in their relative quantities did not affect their relative value. The large increase in the quantity of either metal simply had the effect of enlarging the quantity of the money stock and stimulating industry. Of course, we cannot expect that the metals can be kept at all times on an exact parity in the London market, where gold alone is money and silver is treated as merchandise; but their slight disparity was never regarded in commercial transactions. M. Cernuschi, who was familiar with this subject, says that from 1803 to 1873, owing to the treatment of the two metals by France, money exchanges between England and India were uniformly reckoned upon the basis of the equivalency of 10 rupees silver and £1 gold. Therefore England, a gold-using country, and India, a silver-using country, enjoyed throughout this period the full benefit of the bimetallic standard, and the relation of gold and silver to commodities among all commercial nations was the same. In this respect it was precisely as though a single metal had been selected for monetary purposes.

CHAPTER IV.

What is money? In a gold-using country it is a gold coin, in a silver-using country it is a silver coin, and in a bimetallic country it is silver and gold coins. Money is a creature of law, and it is the settled law of this country that congress, under the power granted in the constitution, can provide for issues by the government of paper money, and endow these issues with all the functions of money, making this money a legal tender in payment of debts, and therefore money of ultimate payment. France has, reckoned in our currency, about $600,000,000 of irredeemable paper money circulating side by side with gold and silver and having the same relation to commodities that the coins struck from these metals have. Therefore, in giving a definition of money, we must turn our attention away from the material or substance of which money is made and confine it to the office it performs, and say with Senator Jones, "Money is a function, and that is money which performs the function of

money," or, rather, which is legally endowed with that function, without regard to the substance of which it is made or in which it may be embodied. In its last analysis money is an idea or mental conception, but, to be employed in the transactions of life, it must be represented by a sensible object. It was upon this theory that our monetary system was constructed. In one of the sections of the act of 1792 preserved in section 3563 of the revised statutes, it is provided, "The money of account of the United States shall be expressed in units or dollars, dimes or tenths, cents or hundredths, and mills or thousandths, and all accounts in the public offices and all proceedings in the courts shall be kept and had in conformity to this regulation." In another section it is provided, "There shall from time to time be struck or coined at the mint, units or dollars, each to be of the value of the Spanish milled dollar and to contain 371 1-4 grains of pure or 416 grains of standard silver." The dollar, then, is the unit of account embodied or represented in such substance and to be of such form as the law may designate. It is a denominator of value, as all values are expressed in this unit, its multiples, and fractions. It does not in any sense derive its value from

the material in which it is embodied. While it is a dollar endowed by law with that function it has precisely the same value; that is, it will exchange for the same quantity of commodities whether it resides in a given weight of gold, or in an equivalent weight of silver, or floats upon paper. Neither the silver piece nor the gold piece, or any other substance used in commerce, has any *intrinsic* value. Value in commerce is a relative term and implies the presence of two things and a comparison between them. The value of a thing is that which is given in exchange for it, and is therefore wholly *extrinsic* and is expressed in the terms of the thing for which it is exchanged. To state the value of money is to express the relation of a given sum of it to a definite quantity of commodities or other forms of property, and this relation changes as the quantity of money on the one side and other forms of property on the other side and the activities of trade and commerce change. The value of money, like that of every other subject of commerce, is determined by the demand for it as compared with its supply. In respect to the demand for it, it differs from commodities in this, that as it is only through the intervention of money that our wants can be sup-

plied the demand for it is equivalent to the aggregate demand of a community for the necessaries of life and all the material things that contribute to our comfort and happiness, and which unaided and alone, we cannot severally produce. This demand, therefore, is constant and incessant. It is not a demand for the material of which money is made, but for the function which money performs. It is for money—for gold and silver coins—and not for gold and silver ingots. The government stamp upon the coin does not impart to it any additional value; it is simply a certificate of its weight and fineness and that it is in a form to perform the function of money. Its value is determined by the market. The government stands behind its pecuniary obligations, but in no sense does it stand behind its money. The value of money is at all times subject to the vicissitudes of the market, which are entirely outside of government control. It is true the law cannot directly create value, either in silver bullion, or any other commodity, but it can greatly enlarge the use of silver bullion by making a money metal of it and thereby increase its value. With an accumulated stock of gold, sufficient to supply the arts for the next sixty years, how much would gold be worth

if it were everywhere bereft of the money function? It would not be worth 20 cents an ounce.

CHAPTER V.

The parties to the present controversy for the restoration of silver to its former position as a money metal are the owners of money and money obligations on the one side, and those who use money in prosecuting our industries and giving employment to labor on the other side. It is the interest of the former that the value or purchasing power of money should be increased, and of the latter that the money value or prices of the products of industry should be increased, or at least that they should not be diminished. As the prices of commodities and other forms of property are controlled by the volume of money in use or circulation, and as they occupy opposite scales in the balance, exact justice to all parties interested requires the continuance of an even scale, and that the volume of money should be kept commensurate with the demands of increasing trade and commerce. While this continues, values created by giving utility to matter by changing it into forms adapted to the sustenance

and enjoyment of mankind will be fairly distributed to the agencies, labor and capital, that create them; and the burden of indebtedness will remain unchanged; for there will be returned to the lender of money the exact equivalent of the sum he parted with, when measured by the sacrifices required to obtain it.

It is said in the bullion report laid before the House of Commons, England, June 10, 1810:—"The most detailed knowledge of the actual trade of the country, combined with the profound science in all the principles of money and circulation, would not enable any man or set of men to adjust and keep always adjusted the proportion of the circulating medium in a country to the wants of trade." This problem can only be solved by resorting to nature's treasury. It would seem that an all-wise Providence has designated the two metals, gold and silver, as the circulating medium of mankind for the express purpose of accomplishing this object. During all the preceding centuries they have been money metals, and for this reason they have been known as "the precious metals." The increase in their yield has never been simultaneous. The subsidence of one of them has been accompanied or followed by an increase of the

other, and their joint product has been year by year enlarging and has never exceeded the wants of the commercial world.

During the excessive inflow of gold from the mines of California and Australia there was the same outcry against gold that there is now against silver, and the utter worthlessness of the yellow metal for monetary use in consequence of its impending superabundance was freely predicted. The German states, including Austria, demonetized gold and adopted silver as their monetary standard in 1857. France was vehemently urged to also demonetize gold. But she did not listen to these appeals, but steadily pursued her course and had the satisfaction of witnessing the vivifying effects of this shower of gold upon her own industries and the industries of other nations.

CHAPTER VI.

It is the uniform testimony of history that no single agency has contributed so much to the prosperity and happiness of our race as the enlargement of the world's money stock by the inflow of the precious metals from its mines. The gradual exhaustion of the ancient mines was accompanied by a corresponding decline in industrial and commercial activity, caused by a steady and continuous fall in the values or prices of the products of industry. During this period the volume of the world's money stock, reckoned in our currency, fell from $1,800,000,000 to less than $200,000,000, and we are informed by Dr. Adam Smith that for the year 1455 the average price of wheat in England was less than 2 pence per bushel. To this agency more than to any other is attributed by the historian Alison the settling down upon Europe during the middle ages of the mantle of darkness which separates the civilization of the ancient from that of the modern world.

Owing to an increase of its money stock from the treasury of the new world, western Europe awoke from its profound lethargy and entered upon a career of commercial prosperity and industrial activity it never knew before. Jevons says, page 325, "Money and Mechanism of Exchange," that "from 1809 to 1849 gold rose in its relation to commodities in the extraordinary ratio of 100 to 245, or by 145 per cent, rendering government annuities and all fixed payments extending over this period about two and one-half times as valuable as they were in 1809."

Of this period Alison in his history says: "If the circulation of the world had remained stationary or declining, as it was from 1815 to 1849, from the effects of South American revolutions and English legislation, the necessary result must have been that it would have become altogether inadequate to the wants of man, and not only would industry have been everywhere cramped, but the price of produce would have universally and constantly fallen. Money would have every day become more valuable, other articles measured in money less so, and debts and taxes would have been constantly increasing in weight and oppression. The fate that crushed Rome in ancient and

all but crushed Great Britain in modern times would have been that of the whole family of mankind. All these evils have been entirely obviated, and the opposite set of blessings introduced by the opening of the great reserve treasuries of California and Australia."

Mr. Hunter, chairman of the finance committee of the Senate, in presenting to that body in 1852 a measure for changing the ratio in respect to our minor silver coins, by reducing the weight of pure silver in them about 8 per cent, in order that they might be kept here, and not melted down and sent abroad, said in his report: "Of all the great effects produced upon human society by the discovery of America, there were probably none so marked as those brought about by the great influx of the precious metals from the new world to the old. European industry had been declining under the decreasing stock of the precious metals and an appreciating standard of value. Human ingenuity grew dull under the paralyzing influences of declining profits, and capital absorbed nearly all that should have been divided between it and labor. But an increase of the precious metals in such quantity as to check this tendency operated as a new motive power to the machinery of commerce.

"Production was stimulated by finding the advantages of a change in the standard upon its side. Instead of being repressed by having to pay more than it had stipulated for the use of capital, it was stimulated by paying less. Capital, too, was benefited, for new demands were created for it by the new uses which a general movement in industrial pursuits had developed; so that if it lost a little by a change in the standard it gained much more in the greater demand for its use, which added to its capacities for reproduction and its real value."

He denounced the adoption of either one of the metals alone, saying: "The mischief would be great, indeed, if all the world were to adopt but one of the precious metals as the standard of value. To adopt gold alone would diminish the specie currency more than one-half, and the reduction the other way, should silver be taken as the only standard, would be large enough to prove highly disastrous to the human race."

CHAPTER VII.

Disregarding the lessons of history, our government, whose action is stimulated by a large and powerful class of our citizens, persists in keeping this country upon the exclusive gold standard—a policy which has only been in operation about twenty years, but which has already given a retrograde movement to our industries and the industries of all the commercial nations that have adopted it, and seriously threatens them with the general disaster so forcibly predicted by Senator Hunter.

The foremost of this class are the leading bankers of our principal commercial centers, who, by a concerted effort, deliberately initiated a financial stringency in the early part of 1893 for the purpose of bringing about a repeal of the purchase clause of the Sherman act, and which resulted in the monetary panic of that year. The effects of this panic, which caused a sudden retirement of a

large portion of our circulating medium, thereby dislocating our industries, suspending a large part of them, and threatening the banks themselves with insolvency, are still continuing, and they will not be overcome so long as this baleful policy is pursued. The business of banks, Bonamy Price says, is "to keep the cash accounts of their customers," and in prosecuting it they acquire control of the circulating medium of the country. The money of their patrons, which they receive on deposit, furnishes them with a credit which they use as a substitute for the circulating medium by loaning it, and upon which they receive interest, and the checks drawn against it are used as a substitute for money. At least 85 per cent of the funds they daily receive on deposit are in the form of checks and bills of exchange. Owing to the present chaos of our monetary system, as all our currency passes through the banks, they are enabled to select, and do select and retire from the currency paid into them, that which they esteem most valuable, and discharge their own obligations by paying out that which they regard as least valuable, and they pretend that in this way they demonstrate the truth of Gresham's law that poor money will always drive good

money out of circulation. To-day silver currency and paper money redeemable in silver are practically our only circulating medium. They are striving to drive this money out of circulation, in order that its place may be taken by paper issues of the banks. As custodians of the money of their patrons, these leading bankers have acquired an influence over the legislation of our country and the administration of its government that is truly alarming. Strange to say, they largely dictate the sentiments of our business men upon all financial subjects.

Metropolitan newspapers, with a few honorable exceptions, of which the Chicago *Times* is a conspicuous example, are their obsequious servants. Arguments are not replied to, but those who favor the use of both metals as standard money, and who insist that the same consideration and treatment should be given to silver that are accorded to gold are denounced as "silver cranks" and victims of the "silver craze." Hamilton said in his mint report: "But upon the whole it seems most advisable not to attach the unit exclusively to either metal, because this cannot be done effectually without destroying the character and office of one of them as money and reducing it to the situation of mere merchandise. . . . To annul

the use of either of the metals is to abridge the quantity of the circulating medium, and is liable to all the objections which arise from a comparison of the benefits of a full, with the evils of a scanty circulation. Was Alexander Hamilton a "silver crank?" Jefferson, in returning to Hamilton his mint report, said: "I concur with you in thinking that the unit must stand upon both metals." Was Thomas Jefferson, the founder of the Democratic party—was he a "silver crank?" George Washington signed the bill which gave to the people of this country, with almost the first breath of our national life, the silver dollar. Was George Washington a "silver crank?" The silver dollar of to-day is an exact duplicate of the silver dollar of 1792. Is it not an honest dollar?

CHAPTER VIII.

It is said that gold, as compared with silver, has risen in value, or, which is the same thing, that silver, as compared with gold, has fallen; that the bullion of silver in the silver dollar is only worth about 60 cents in terms of gold. What of it? The dollar is simply our money unit, and derives its exchangeable value, not from the substance in which it resides or by which it is represented, but from its function as money. It must, then, be viewed separate and apart from this substance and in the light of the office it performs. These substances, which represent it, may have unequal values when in the situation of commodities, but when the law places them in a form and makes them when in that form equivalent representatives of our money unit, in other words, endows them equally with the money function, they have, for money purposes, the same value. This equality of value is confined to that portion of

these substances which the law sets apart and devotes to monetary use. What is left remains in the situation of merchandise. It is not the province of government to determine the exchangeable value of money or of commodities; the market must do that. The "dollar," as I have repeatedly said, is the money unit and must be viewed separate and apart from the substance of which it is made. This is what Hamilton meant when he said: "The unit should not be attached exclusively to either metal." It is what Jefferson meant when he said: "The unit must stand upon both metals." It is what our Supreme Court meant when that court, by Mr. Justice Strong, said in the legal tender cases, 12 Wallace Rep. 553: "The coinage act fixes its unit as a dollar, but the gold or silver thing that we call a dollar is in no sense a standard of a dollar. It is a representative of it. There might never have been a piece of money of the denomination of the dollar. There never was a pound sterling coined until 1815, if you except a few coins struck in the reign of Henry VIII., almost immediately debased, yet it has been the unit of British currency for many generations."

The law says the dollar shall be 100 cents, and a cent shall be the one-hundredth part of a dollar.

The dollar, therefore, cannot be less than 100 cents any more than it can be more than 100 cents, and its value or purchasing power is determined by the number of them, or the quantity of money in use or circulation. For monetary use, each dollar has the same purchasing and debt-paying power as every other dollar. For use as money there is the same demand for coins struck from silver as for coins struck from gold; they have, therefore, the same value, and the last 1,000,000 silver dollars issued from the mint are as valuable in terms of gold as the first 1,000,000. These facts are at the gateway of the science of money, and it is only in the light of them that we can make any progress in our understanding of the money question, and account for its otherwise perplexing phenomena. They at once sweep away the rubbish with which the gold newspapers have deluged the public, and which has accumulated on this subject, such as the "60-cent dollar," "a dollar that is worth a dollar," "an honest dollar," etc. As the value of the dollar is simply its relation to the commodities with which it is compared, that cannot be an honest dollar which is constantly rising in value, which is daily requiring a larger sacrifice to obtain it, and which commands

a larger quantity of commodities when a debt matures than when it was contracted.

It is an honest dollar when it has at the end of a given period the same value or purchasing power that it had at the beginning of it, and this can take place only when the volume of money is adjusted and always kept adjusted to the wants of trade, and it is because this object can be better accomplished by the use of the two metals, gold and silver, in the currency than by the use of one alone that we ask for the restoration of silver to its ancient position as a money metal. If not their concurrent then their alternative use is far better than the exclusive use of one of them alone. Bonamy Price says that the office of money is "to take property to market." The charge which one of the metals makes for rendering this service is kept down by the fact that in the bimetallic system the other metal stands ready to perform it. In this respect it is analogous to our railway and waterway systems. The existence of a waterway to the seaboard would save annually to the west and northwest millions of dollars by keeping down railway charges, though it should not float a pound of freight. The producing sections of our country can no more endure expensive money than expensive transportation.

CHAPTER IX.

Why have the two metals, gold and silver, so widely separated, and why does one ounce of gold, which prior to 1873 would exchange for only fifteen and one-half ounces of silver, now exchange for thirty-three ounces of that metal? The value of each metal is simply its relation to commodities and other forms of property. If we take American commodities—wheat and cotton, for instance, the home prices for which are determined by the prices of the surplus of these staples sold in the English market, a gold market—we see that silver bullion sustains about the same relation to them that it did twenty years go; that is, a given quantity of silver bullion will exchange for about the same quantity of these commodities now that it did then; but if we compare them to gold we see that a given sum in gold will exchange for nearly twice the quantity of these commodities now that it did then, and therefore the relation of gold to silver, while silver is in the situation of merchandise, is

about the same as its relation to these commodities.

If we go to silver-using countries we find that the relation of silver to commodities and other forms of property is unchanged; that a given quantity of silver will exchange for the same quantity of commodities that it did twenty years ago. There has been no fall of prices in these countries, consequently their manufacturing industries have never been so prosperous as they have been during the last twenty years, and their exports have been constantly increasing. But the fall in the gold prices of commodities in silver-using countries has corresponded with their fall in gold-using countries. We must therefore conclude that this change in the relative value of these metals is due to a rise in the value or purchasing power of gold, and not to any fall in the value of silver. Consequently we should pay no heed to the oft-repeated statements in gold newspapers that there has been a fall in the value of silver in consequence of its overproduction or the diminished cost of producing it. These falling prices, which all must admit have brought on us "the winter of our discontent," prevail universally in all gold-using countries, and in some of them more intensely than in this country, and they are everywhere accompanied with in-

dustrial depression and social disorder. For this sad condition the gold men have no remedy whatever to propose other than the vain cry for *confidence*. This widespread distress must have a cause commensurate with its effect. What is that cause?

These deplorable effects are confined to gold-standard countries; the cause of them manifestly is the adopting, by the leading commercial nations in 1873, of the gold standard, and making their currency convertible into gold. This had the effect of limiting their primary money upon which credits rest, to such quantities as can be made from gold alone. The consequent largely increased demand for gold for monetary purposes caused a steady and continuous rise in the value or purchasing power of gold, and a corresponding fall in the price of silver and commodities. Since gold has become a form of wealth of constantly increasing value it furnishes a subject in which accumulated wealth has been, and is now, being extensively hoarded in both gold and silver-using countries, thereby withdrawing a large portion of it from circulation, and still further contributing to a fall of prices. This hoarding of gold has a constrictive influence upon the moral qualities of the men who own it.

As the late venerable Dr. Hopkins said: "It is like an india rubber bag; the fuller it becomes the tighter it grows." No wonder, then, that the owners of gold regard with complacency the continuous increase in its purchasing power and fall in the prices of other forms of property, and that they so strenuously oppose any alleviation of this condition. A large and dominant section of the metropolitan press is thoroughly enlisted in their favor. Money is a necessary and excellent servant, but a relentless master. Henry Clews of New York, the recognized spokesman of the money interest, boldly says "money is king," and it will require the united effort of the people to dethrone it. This one thing we must understand, that our suffering is not attributed to a fall in the value of silver, but wholly to a rise in the value or purchasing power of gold; that the work before us is not to lift up silver, but to bring gold down; that the single gold standard has become the enemy of the human race and must be destroyed, and that the only remedy for our industrial and social ills is the bimetallic standard.

CHAPTER X.

In accounting for the monetary convulsions which succeeded the radical change in the standard of value made in 1873 by this country and the commercial nations of Europe, Lord Beaconsfield, whose words on financial subjects were always listened to with profound attention, said, in an address delivered in Glasgow, November 19, 1873, on the occasion of his installation as rector of the University of Glasgow: "When the various states of Europe suddenly resolved to have the gold standard, and took steps to carry it into effect, it was quite evident that we must prepare ourselves for convulsions in the money market not occasioned by speculation or any old cause, but by a new cause with which we are not sufficiently acquainted, and the consequences of which are very embarrassing." In the monetary conference held in Paris in 1878 Chancellor Goschen said: "States are afraid to employ silver because of its depression, and the depression continues because the

states refuse to employ it. We are in a vicious circle."

Senator John Sherman, in a letter addressed to the Hon. W. S. Groesbeck, one of our delegates to that conference, and which was placed before the conference at its fifth session, said: "During the monetary conference in Paris [referring to the conference of 1867, which is chiefly responsible for the subsequent legislation in Europe], when silver in our country was excluded from circulation by being undervalued, I was strongly in favor of the single standard of gold and wrote a letter, which you will find in the proceedings of the conference, stating my views. At that time the wisest among us did not anticipate the sudden fall of silver or rise of gold that has occurred. The uncertainty of the relation between the two metals is one of the chief arguments in favor of the monometallic system. But other arguments showing the dangerous effect upon industries by dropping one of the precious metals from the standard of value outweigh, in my mind, all theoretical objections to the bimetallic system."

Here was surely a lucid interval in the mind of the distinguished senator. He says: "But other arguments showing the dangerous effect upon in-

dustries by dropping one of the precious metals from the standard of value outweigh, in my mind, all theoretical objections to the bimetallic system." He has been the financial leader of the Republican party for many years, and is now the financial adviser of the Democratic administration. The experiment of dropping one of the precious metals, silver, from the standard of value by this country and other leading commercial nations in 1873 has been thoroughly tried. It was a new experiment and has been in operation only a little over twenty years.

Its depressing effect upon the industries of this country and of all the countries which have adopted it are everywhere seen.

Millions of men are thrown out of employment, to be supported by charity, and those who are left must subsist upon the accumulated wealth of the present and past generations, which, if it were in a form to furnish us with the necessaries and conveniences of life, with production arrested, will not last more than three or four years. The social disorder that it has engendered is weakening the force of law and threatening the integrity of social systems, and many regard our social disturbances as premonitions of a coming catastrophe.

In view of these tremendous facts, why, it may be asked, in the name of a suffering people, why does Senator Sherman persist in keeping the country upon a gold standard? Why does he not—for Cleveland is walking behind him—reinstate silver as a money metal and re establish bimetallism in this country? It cannot be that he fears that our industrial condition will suffer from this change. Money is the lifeblood of all our industries, and in the entire history of our race an instance cannot be found when a financial stringency was caused by a country passing from a single to a double standard, from a narrow to a broader metallic basis. On the contrary, it has always given new life to industries, while a passage the other way, from a double to a single standard, from a broader to a narrower metallic basis, has invariably caused financial stringency and industrial depression.

CHAPTER XI.

The international monetary conference of 1867 convened at the instance of the government of France, in Paris, the 17th of June of that year. It appears from the invitation to this government to join in the conference that the then emperor of the French had in view the adhesion by this and other governments to the monetary convention concluded between the Latin states of Europe in December, 1865, which had for its principal object the securing of uniformity in the circulation of gold and silver coins among the states which were and should become, parties to this convention or agreement. The invitation was accepted, and the Hon. Samuel B. Ruggles, then in Paris, was appointed to represent this country in the conference. Senator John Sherman was then chairman of the finance committee of the senate. It is charged that preliminary to the meeting of the conference Mr. Sherman and Mr. Ruggles took measures to secure the adoption by the conference

of a declaration in favor of a single gold standard, and that they exerted a powerful influence in that direction. Certain it is that they concerted during the conference to bring about this result, representing to the European delegates the vast quantities of silver then being extracted from the American mines, predicting that long before the close of the present century the joint products of the gold and silver mines of this country would probably reach $300,000,000 or $400,000,000, and urging that the work of unification could not be commenced too soon.

At the session of the conference June 20 (page 825, appendix to the report of conference of 1878) Mr. Ruggles said: "The legislators and the people of the United States have sufficiently learned, if not by study, at least by experience, that the system of a double standard is not only a fallacy but an impossibility." Again he said (page 841): "The United States would not consent to adopt any fixed relation between gold and silver." Charles Feer Herzog, delegate for Switzerland, said in the conference of 1878, held at the instance of this country, in reply to Gen. Walker, one of our delegates, that he "thought that the learned delegate of the United States was wrong in criti-

cising, as he had done, the tendencies of the conference of 1867; at that conference, at which they were represented, the United States showed themselves the warm supporters of gold. It was they who led the campaign in favor of gold." (Published proceedings of conference, page 80.)

The conference of 1867 declared for gold, and the people of this country are more indebted to Senator Sherman than to any man living for our present gold standard and the manifold evils it has caused. The senator said, in his letter to Mr. Groesbeck, that when his letter was written in 1867 advising the conference to declare for gold "the wisest among us did not anticipate the sudden fall of silver or rise of gold that has occurred." Could he not in his ill-judged effort to accomplish this mighty revolution in the monetary system of the commercial world, in which the two metals, gold and silver, were practically together, pause long enough to consider the probable effect of so great a change, and whether by depriving silver of its monetary use, upon which its value chiefly depended, and reducing it to the situation of merchandise, and confining the money function to gold alone, would not widely separate the metals, causing gold to rise or silver, as compared with it to fall?

Senator Dumas, in speaking upon the subject of demonetizing silver, said in the senate of France, January 28, 1870: "Those who approach these questions for the first time decide them at once, those who study them with care hesitate, those who are obliged to practically decide, doubt and stop, overwhelmed with the weight of the enormous responsibility."

Senator Sherman and Mr. Ruggles evidently approached this question for the first time in 1867 and unreflectingly "decided it at once."

CHAPTER XII.

It is said that it would be dishonorable for our government to pay its obligations with silver coins. The nation's honor is more precious than silver or gold, and must, under no circumstances, be tarnished. Nor are we so wanting in healthful, patriotic sentiment as to suppose that a sensitive regard for the nation's honor is peculiar to any section of our country. It is certainly as vigorous in the western as in the eastern portion of it. The severest rule of commercial integrity requires a man to perform his part of the contract into which parties have freely entered, as it is interpreted by the law, in view of which it was made; and the law always gives effect to the plain and obvious meaning of its terms. By uniformly doing this a man acquires a reputation for honesty and integrity. Nations are but individuals aggregated, and are governed by the same rule or principle in their dealings with each other and with private citizens and subjects. The bonds of the government,

issued during the war, were expressly made payable in the lawful money of the United States. Those who purchased them purchased them with greenbacks, then lawful money, which they obtained in exchange for gold, realizing in that way more than $2 for $1.

For the benefit of public creditors congress, by the act of March 18, 1869, pledged the faith of the United States to the payment, in *coin* or its equivalent, of all its outstanding obligations. It is not pretended by any one that the government has ever assumed any severer or more onerous duty to its creditors than that declared by this act, or that it has at any time undertaken to pay any of its obligations otherwise than in coin. "Dollars" are the things to be paid—coin dollars, fabricated under and in pursuance of our coinage laws, each dollar to consist in or be represented by 412 1-2 grains of standard silver or 25 8-10 grains of standard gold—that is, the wei ht of the silver in the silver dollar was to be sixteen times the weight of the gold in the gold dollar.

The government, therefore, has the election, by the term of its cŏntract, to pay its debts in silver or gold coins. To put this question forever at rest the United States senate in January, 1878,

passed the following resolution, introduced by the Hon. Stanley Matthews, senator from Ohio, afterward one of the justices of the Supreme Court: "*Be it resolved by the senate, the house of representatives concurring therein,* That all the bonds of the United States issued or authorized to be issued under the said acts of congress hereinbefore recited are payable, principal and interest, at the option of the government of the United States, in silver dollars of the coinage of the United States, containing 412 1-2 grains each of standard silver, and to restore to its coinage such silver coins as a legal tender in payment of said bonds, principal and interest, is not in violation of the public faith nor in derogation of the rights of the public creditor."

A motion was made by Senator Edmunds of Vermont to amend the resolution so as to make it read: "Payable in gold or its equivalent, and that any other payment without the consent of the creditor would be in violation of the public faith and in derogation of his rights." This amendment was voted down by 48 to 18, and by that vote, much over a two-thirds vote, the resolution was passed. The resolution was sent to the house, where it was concurred in and passed on the 29th

of January, 1878, by a vote of 189 yeas to 79 nays, considerably over two-thirds of the votes cast, being in favor of the resolution. This was only nine years after the act to strengthen the public credit was passed. Public attention should awaken to the fact that the executive department of the government is now, and for many years has been, doing what the legislative department to which the decision of this question properly belongs, by an overwhelming vote refused to do. Thus the executive department is and has been acting in utter disregard of the policy adopted by the representatives of the people in congress, consulting the interest of the creditor class alone, to the prejudice of the great body of the people to whom the incumbents of that department owe the places they occupy.

CHAPTER XIII.

The main argument in favor of a gold standard in this country is that our currency should be kept as valuable as that of gold-using countries for the benefit of our foreign exchanges, in order that those who bring goods into this country for sale and are compelled to make payments abroad shall not be required to pay the difference between the value of our currency and that of the countries in which these payments are made.

President Van Buren said in his message to congress in extra session in September, 1837, called because of the then financial crisis: "It is not designed by the constitution that the government should assume the management of domestic or foreign exchange. It is indeed authorized to regulate by law the commerce between the states, and to provide a general standard of value or medium of exchange in gold and silver, but it is not its province to aid individuals in the transfer of their funds. As justly might it be called upon for

the transportaton of their merchandise. These are operations of trade; they ought to be conducted by those who are interested in them, in the same manner that the incidental difficulties are encountered by other classes of citizens."

This was the Democratic doctrine of that period. It was just after the Democratic party had won its great and crowning victory in obtaining mastery of the money power. But the scene has changed. Now "money is king," and controls not only the action of the government, but the destinies of the people. It is no longer our servant, but our relentless master.

If silver should become as valuable as gold, as it was from 1803 to 1873, upon the ratio of 15 1-2 to 1, when it was thrown out of the money stock by this country and the commercial nations of Europe, there would be no premium for gold, and it would not make the slightest difference to us whether silver or gold predominated in our currency.

If this country should open its mints to the unrestricted coinage of silver upon our present legal ratio of 16 to 1 it would, with the assistance of silver-using countries and the $1,500,000,000 of silver used as national money in Europe, give so

large an employment to silver as to make it nearly or quite equal to the value of gold. But we will suppose, which is not likely to be the case, that the difference should then be 5 or even 10 per cent in favor of gold; then those who shall have foreign payments to make will be obliged to pay 5 or 10 per cent for English currency. This would amount to $25,000,000 or perhaps $50,000,000 per annum. How much do our farmers pay in falling prices to maintain this gold standard and save those who make foreign payments from the necessity of giving a premium for English currency? Comparing present prices with those of 1873, not less than $450,000,000 a year, and this $450,000,000 is virtually a premium for gold, to say nothing of the disastrous effect upon other industries, which have been very faithfully described in former chapters. The farmers, who furnish more than 85 per cent of our exports, and upon whose success the growth of our cities and the prosperity of all our industries are largely dependent, are the greatest sufferers from the gold standard. The importers can recoup their losses for premium payments by advancing the selling prices of the imported articles. But no such relief is within the reach of our suffering farmers. They sell their wheat

at gold prices in competition with the wheat of silver-using countries, which as compared to gold falls as silver falls. India exported in 1873 less than 1,000,000 bushels of wheat; it now exports more than 60,000,000 bushels. The world's production of wheat diminished 5 per cent from 1891 to 1893, inclusive, but the price of wheat fell during that period 40 per cent, and since then it has fallen much lower—lower than it has been at any time during the last 100 years.

The New York *Nation*, an intense and almost malignant gold paper, in its issue of July 5 says: "We hear much of the agricultural depression in this country, but it is doubtful if the most exaggerated account can equal the bare facts in regard to a farming region almost within walking distance of the Bank of England. A report on the agricultural crisis in Essex has lately been made public, in which it sets forth a terrible story of abandoned farms and ruined farm buildings, of bankrupt landlords and starving laborers. Thousands of acres more will be left tenantless this year if the times do not mend and if anything like the number of farmers who have given notices to quit act upon them. Specimen cases are given to show the extraordinary depression. A farm of 638

acres, which rented for $3,800 in 1875, brought only $2,300 per year from 1883 to 1886, and for the last five years has been let for 1 pound per annum, the tenants to pay the tithes, amounting to about $700. A farm of 600 acres (half under cultivation), which was bought in 1875 for $40,000, sold in 1885 for $2,100. The prime cause of such a disastrous fall is the drop in the price of wheat."

The farmers of this country can here see the inevitable doom that awaits them if this gold standard is continued. If our farmers are destroyed, what will become of our cities and our manufacturing industries? In the presence of this great and overshadowing question, to ignore it and talk about the tariff instead is trifling with our country's interests.

CHAPTER XIV.

Mr. Carlisle, in his speech in New York on the 29th of November last, said: "I think it may be safely asserted that this country could not long maintain its present position as one of the most conspicuous and important members of the great community of commercial nations which now control the trade of the world unless we preserve a monetary system, substantially, at least, in accord with the monetary systems of the other principal nations." In other words, that the volume of our foreign trade depends upon the uniformity of our monetary system with that of the countries we trade with. No greater mistake could have been made. Money is a creature of law, and the material which is endowed with the function of money does not carry this function beyond the limits of the country from which it receives it. American eagles are no more money in England than English sovereigns are money in this country. American eagles are simply commodities, and pass by weight at

their commodity value in England as British sovereigns do here, and their commodity value is coincident with their legal valuation in each country, simply because the mints of both countries are open to the free and unrestricted coinage of gold. Therefore coined and uncoined gold have precisely the same value in both countries. (See bullion report.) For this reason the value of gold, measured by gold, does not change. The unchangeableness in its value is owing to this fact alone, viz., that gold is treated as the measure of gold. The change in its value appears when it is measured by commodities. Commerce between the people of different countries is simply an exchange of commodities, or of the products of industry. The importer of English cloth, for instance, buys from the exporter of American wheat a bill of exchange upon the English importer of the wheat, and sends it to the English exporter of the cloth, and he collects it from the English importer of the wheat. Thus in both countries foreign commodities are paid for by the importer to the exporter. It is true that these transactions are carried on through the intervention of bankers or bill brokers, but this is the result.

The volume of trade between the two countries

is no more affected by the character of their respective currencies or a want of uniformity in them than by a want of uniformity in their weights and measures. All that can be said of it is that this want of uniformity is an inconvenience, but this inconvenience does not in the slightest degree affect the volume of trade between the two countries. We learn from the bullion report presented to the house of commons, England, January 10, 1810, that at that time, in consequence of excessive issues of paper money by the Bank of England, English currency was less valuable than gold or silver by about 15 per cent. That is, gold and silver were at a premium of 15 per cent in English currency, and exchanges with other countries were running largely against England, though the balance of trade was in her favor. Yet the industries of England were never more active nor the volume of her trade with other countries larger than at this time and throughout the Napoleonic wars. So with our own country during the civil war. Our paper currency fell away from gold, and at times our importers were obliged to pay \$2.50 for \$1 of British currency. But during all this time the industries of those portions of our country that were exempt from the ravages of contending armies

and the operation of measures adopted for the prosecution of the war were never more active than during this period. Nor was the volume of our trade with other countries in the slightest degree diminished. The industries of silver-using countries have been most active during the last twenty years, and their trade with other countries has been constantly increasing. No. The statement that a gold standard for this country is necessary to promote our trade with other countries finds no support in the operations of trade, and is a stupendous fallacy. Besides, the continuance of the gold standard in this country for the benefit of those who make payments abroad compels debtors in this country who are struggling along under the weight of constantly increasing burdens to pay all their debts with gold, or its equivalent; and the aggregate of these debts is over thirty times greater than that of debts due abroad. If all our gold should go to Europe and enter into monetary use, it would increase by about 20 per cent the prices of our surplus products sold there.

CHAPTER XV.

Secretary Carlisle said in his New York speech: "I believe the people of the United States are entitled to have for use in domestic trade just as good money as any other people in the world have, and that they are entitled to have just as much of it as may be necessary to carry on their business regularly and profitably."

The first clause of the above sentence is only a repetition of the sentiment expressed by Senator Sherman in his celebrated Toledo speech in 1878, when he said that this country "should adapt its money to the money of the civilized world, make it as good as any other money, and maintain its standard of value as high as that of any other coin ever issued from the mint."

This means that the money of this country should have as great a purchasing power, and the prices of the products of its industry descend to as low a plane as that of any other country in the world.

The secretary belongs, body and soul, to the Sherman school of finance, which holds that the character of the material in which the money unit is embodied is more important than the quantity of money of ultimate payment, and that our trade with gold-using countries requires us to use the same material for monetary purposes which they use in both our domestic and external commerce, when everybody knows that only the exchangeable value of money as compared with commodities is considered, and that no regard whatever is paid to the value of the material which represents money apart from its monetary function, and that the prices of commodities and other forms of property are controlled by the mass of money in circulation, and not by the money unit or the character of the substance in which that unit is embodied.

The secretary says: "The people are entitled to have just as much money as may be necessary to carry on their business regularly and profitably." That is, the quantity of the money of ultimate payment, upon which all credits rest, shall be reduced to that which can be made from gold alone, so as to make it as valuable or of as great a purchasing power as the money of any other nation, thereby causing a continuous fall of prices, in order

that productive industries may be carried on regularly and profitably. As Senator Jones puts it: "We are to have dear scarce money and plenty of it."

A more incongruous sentence cannot be found in the English language than the one from the speech of the secretary, above quoted. The first clause of it necessarily defeats the attainment of the object commended in the last clause.

The policy of the secretary is to furnish importers with gold to pay for the goods they bring to this country, and obtain the gold by issuing bonds in the name of the people, and thereby greatly increase their indebtedness, which is constantly growing in weight and oppression.

This is the only way gold can be obtained, for but a very small fraction of the imposts or duties upon imports will be paid in gold. The gold cannot be retained, for the laws of trade will carry it out as fast as it flows into the treasury, leaving behind it a constantly accumulating indebtedness, rising with a rapidity that reminds us of the war period.

Such a policy will drive the richest country in the world into bankruptcy. A bank in good credit could not live a week after it should be publicly

known that it was pursuing it. Labor is the fund that furnishes the money to be paid. There is no other source of supply; and there is a limit to the ability of the people to pay money. Those who acquire great wealth by handling in the market the produce of the farmers, and those who furnish them with the necessaries and conveniences of life, who, the poor men of yesterday, are the rich men of to-day, may not think so, but they are relatively a small class of the community.

The great body of the people are obliged to work to live and to keep their families alive. Many of them are alternating between toil and sickness, and "work without enjoying for the benefit of those who enjoy without working." Their welfare should be consulted.

Those who indulge in the enchanting visions of the nation's credit are, for the most part, those who live upon and acquire great wealth in using this credit, and not those who furnish it. *Money is not an end, but the means to an end*, and the most economical money is the best money. Common prudence admonishes us not to obtain money by purchasing it with our credit, but to make it from the material we already have in store, and which otherwise will be of no value whatever.

CHAPTER XVI.

What reason have we to suppose that we can induce the European states, and especially England, by anything we can say to them, to adopt the bimetallic standard?

We should first look to the motive that induced them to exclude silver and then consider whether there is anything in their present attitude showing, or even tending to show, that they are not now influenced by the same motive.

The object which the European states had in view and the motive that induced them to exclude one of the metals from the money stock are clearly stated in the following extract from the official résumé of the proceedings of the monetary commission held in Paris in 1869 and found on page 16 of the report of our monetary commission created by congress August 15, 1876.

After stating the effect of the inflow of these metals into the world's money stock since 1847 in reducing the value or purchasing power of money,

it proceeds: "It is difficult to estimate exactly what the diminution is, but whatever it may be it demands the attention of governments, because it affects unfavorably all that portion of the population whose income, remaining nominally the same, undergoes a yearly diminution of its purchasing power. As governments control the weight and standard of money, they ought, so far as possible, to assure its value, and as it is admitted that the tendency of the metals is to depreciate, this tendency should be arrested by demonetizing one of them."

The inflow of gold was then declining, and because of the impending superabundance of silver the European states almost simultaneously with this country threw silver out; otherwise they would have thrown gold out and retained silver, as the German states and Austria did in 1857. The nations of Europe should be viewed as so many individuals, under no other restraint than that imposed by opinions current among them. These opinions are such as obtain among the ruling classes. Little or no attention is paid to the sentiments of the common people or masses. The greater and more influential portion of the ruling classes are what Edmund Burke calls "the

pensioners of labor," viz., the creditor class, and those who live upon fixed incomes. It was for their interest that money should be made as valuable as possible. It was to accomplish this object that they cast silver out of the money stock.

They have little or no sympathy with republics or governments organized to promote the happiness of the great body of the people, and we have no reason to expect that any solicitation of ours will induce them to retrace their steps.

If they should enter into any agreement with us and with each other to coin silver and gold upon a fixed ratio, and use the coins struck from these metals equally as money of ultimate payment, there is no common superior to enforce it. Subject only to a moral restraint, they would observe the agreement only so long as it should be for their interest to observe it. Even if this agreement should take the form of a treaty stipulation, it would be terminated whenever it should be for the interest of any of the parties to it to terminate it. The government of to-day can not bind, even morally, the government of to-morrow by an agreement of this character. This is purely a domestic question, and each nation must always be at liberty to determine for itself

what its money shall be—whether it will use silver as token money or endow it with the money function equally with gold. We have been a nation for more than 100 years, and have never, until recently, applied to the governments of Europe or sought an alliance with them for the settlement of this or any other domestic question. To do so now is to disregard the solemn warnings of Washington in his farewell address to the American people, a people which he more than any other man brought into being as a separate and independent nation. To say what the money of a country shall be has, from time immemorial, been regarded by all civilized countries as an attribute of sovereignty. In monarchical governments it is a prerogative of the crown. The European states have always treated it as a purely domestic question and have carefully refrained from dictating or even advising the course that should be pursued in regard to it by any one of them. It will at once be seen that for this country to attempt to compel any other state or country, by discriminating duties, to change its policy upon this subject would be in the highest degree discourteous, and fatally rupture the peaceful intercourse between such state and its rude assailant and excite the just resentment of all other states.

CHAPTER XVII.

The European delegates to the monetary conference which upon the invitation of this country met in Paris in 1878 unanimously resolved:

"1. That the selection for use of one or the other of the two metals, gold or silver, or of both simultaneously, should be governed by the special position of each state or group of states.

"2. That the question of the restriction of the coinage of silver should equally be left to the discretion of each state or group of states, according to the particular circumstances in which they may find themselves placed."

And the conference refused to consider the question of the adoption of a common ratio. Our delegates could only reply: "It is useless to agree upon a particular ratio between the two metals if the nations are not ready also to adopt a policy to uphold it. We remain upon ours and the European states upon theirs."

A second international conference convened in

Paris, at the instance of our government, in 1881, and a third at Brussels in 1892. Objection was made in all these conferences that the use of the two metals for monetary purposes would depreciate the value or purchasing power of money and cause a rise in the prices of commodities, showing their continued adherence to the motive that influenced them in throwing silver out of the currency. In the conference of 1892 Alfred de Rothschild, the speaking of whose name throughout the conference was always accompanied with the manifestation of deference and profound respect, said: "I hold that wheat at 30 shillings a quarter, instead of 45 shillings, is rather a blessing than otherwise." This ardent wish has been more than gratified, for wheat has since fallen below 25 shillings a quarter, or 3 shillings a bushel. The conference of 1878 declared: "It is necessary to maintain in the world the monetary functions of silver as well as those of gold." No sentiment so friendly to silver found entertainment in either of the succeeding conferences. On the contrary silver, since then, has been the subject of most bitter persecution. Austria has passed to the gold standard, England has closed the India mints against the free coinage of that metal with a view to intro-

ducing the gold standard into that country, not for the benefit of India, but for the benefit of English officials, who send to England the salaries they receive for their services, and our own country, in a wave of passion, struck silver a fatal blow in the extra session of congress in 1893. No one can read the discussions in these international conferences and come to any other conclusion than that the restoration of silver by international agreement is impossible. Our distinguished secretary of the treasury does not think it possible, for he said in his speech to the moneyed men of New York in November last: "Gentlemen, the question whether the obligations of the United States will be paid in coin current in all the markets of the world has already been settled, and, in my opinion, has been settled for all time. The disposition and ability of the government to maintain its own credit at the highest possible standard and to preserve the integrity of all the forms of currency in circulation among the people can not be reasonably doubted, and ought not to be subjects of serious controversy hereafter."

Is this, then, our fate? And is there no way of escape? Must all our industries be crushed in the ever-tightening coils of this boa-constrictor—gold?

Or will we, as a sensible people, relax these coils in the only manner they can be relaxed, by putting silver in competition with gold as a money metal?

These were not the sentiments of Mr. Carlisle in 1878, when, in speaking to the people as their representative in congress, he said: "According to my views of the subject, the conspiracy which seems to have been formed here and in Europe to destroy by legislation and otherwise from three-sevenths to one-half of the metallic money of the world is the most gigantic crime of this or any other age. The consummation of such a scheme would ultimately entail more misery upon the human race than all the wars, pestilences and famines that ever occurred in the history of the world."

This "scheme" in his judgment has been consummated, and we are now experiencing in some degree the calamity he predicted, and it will go on increasing in severity until the cause of it is removed.

CHAPTER XVIII.

It is thought by some that England can be induced by our solicitations or the imposition of higher duties upon commodities imported from that country than upon the imports from other countries to adopt a bimetallic standard, and that then other nations will quickly follow her example.

At each of the international conferences delegates from England at the first opportunity declared that England was immovably and irrevocably fixed upon the gold standard, and that they came to the conference with instructions from their government not to give the slightest encouragement that England would under any conceivable circumstances co-operate with other nations in using silver upon equal terms with gold, or change her policy in any respect upon this subject.

Alfred de Rothschild said in the conference of 1892: "I venture to hope I have conclusively shown that bimetallism for England is an absolute impossibility."

Ex-Chancellor Goschen, who is generally re-

garded in this country as in favor of bimetallism, in his speech at Leeds in January, 1891, said: "The acceptance of bimetallism by this country I do not look upon as a practical possibility," and the sentiment was applauded by his audience. He said that the advantage that the gold standard gave to England was that she could obtain money from other countries with which to prosecute her industries at the lowest rate of interest. Gladstone gave another reason when speaking for English bondholders. He said in his speech delivered in the house of commons and published in the London *Times* March 1, 1893, upon a motion that the government take steps for the reassembling of the Brussels monetary conference, with a view to promote bimetallism: "I suppose there is not a year that passes over our heads which does not add largely to the mass of British investments abroad." After stating that they already probably exceeded (reckoned in our currency) $10,000,000,000, he said that in view of this fact "it is a very serious matter between this and other countries whether we are going to perform this supreme act of self-sacrifice. We have nothing to pay them. We are not debtors to all. We should get no comfort or consolation out of the substitution of an inferior metal which we could obtain for less and part with for more. We should get no consolation, but the consolation throughout the world would be great. [Loud laughter.] This splendid gift of philanthropy . . . . would result in making a present of £50,000,000 or £100,000,000 ($500,000,000) to the world," and these sentiments were loudly cheered by his auditors. Is it not the very height of folly to suppose for one moment that we, a debtor country, can induce this great creditor nation, by compulsion or otherwise, to change her monetary policy? I never in my life knew a debtor to succeed in a controversy with his creditor until it came to an execution, and then by demonstrating to him that the judgment he had recovered was worthless.

Not less than $500,000,000 is annually sent to England in the form of interest upon these foreign investments, of which we send at least $150,000,000. She is not only receiving this annual tribute from us, but is obtaining the products of our industries at their gold prices, which are constantly falling. Can it be supposed that she will voluntarily relinquish this great advantage over us? She once attempted to perpetuate by force of arms the relation of the colonies to her for the

benefit of an exclusive trade with them, but she was defeated, and by the bravery and sacrifices of our forefathers our political independence was achieved. But we find ourselves subject to a financial dependence upon England, the consequences of which are even more disastrous than the political dependence of the colonial period And yet there are those among us, for the most part investors of English money and their satellites, who insist that this dependence shall continue; that this great country must live in the shadow of English capital; that it is not large enough to say for itself what its money shall be, but that England must be allowed to dictate our monetary policy. These men regard our own not as a separate independent nation, but simply as a larger England. Do not let us follow them. Let us turn our eyes away from England and fix them upon our own country, and let the echoes of the American revolution inspire us in our struggle for emancipation from this foreign financial despotism.

CHAPTER XIX.

Will the necessities of her agricultural interests and those of her Indian empire induce England finally to adopt bimetallism? England, as we have seen, is largely a creditor nation, and her legislation is in favor of her creditor class. It is for their interests that she should resolutely maintain the gold standard. Already her agricultural interests are well nigh ruined, and their present condition is well described in the extract from the New York *Nation* contained in chapter 13. It was largely dwelt upon in the bimetallic conference held in London in May last. But the proceedings in the British parliament immediately following it, showed that it had no effect whatever upon English legislation, and the conference was generally ridiculed by the London press.

In the petition of the Indian association to the house of commons protesting against the closing of the mints of India and adopting gold as the standard by artificially raising the value of the Indian rupee in conformity to the recommendation

of the Indian currency commission of that year, they say, in the eleventh article (See pages 784-788 of the report of the commission): "Your petitioners submit that the only persons who will gain by the proposed modification in the Indian standard will be the Anglo-Indian officials serving or connected with India, and the creditors of India, who hold the promissory notes of the Indian government issued in rupees, the great majority of whom are foreigners." And they implored the English government to consider the additional burdens, very clearly set forth in the petition, which such a measure would throw upon the people of India. The Industrial association of Western India in their memorial to the Rt. Hon. Lord Herschel, chairman of the Indian Currency committee, also protested against the proposed change, saying in the seventh article of the memorial (p. 789 of the report): "Your memorialists observe that the large volume of the gold obligations of the government is advanced to justify a departure from free trade in rupees But they humbly suggest that the silver obligations of the peasantry are twenty-fold greater and more important than the gold obligations of the government, so that while removing a minor evil, a

greater one of the same nature, but the results of which it is quite impossible to foretell, would be substituted. During the last twenty years the burden of the obligations of the peasantry appears to have pressed more lightly on them, a favorable result which your memorialists consider has been due to the operation of an expanding export trade, in which India has had the advantage of an unrestricted supply of cheap silver."

These remonstrances from the helpless people of India were disregarded by the English government. The mints of India were closed and her currency changed for the benefit of her English creditors. The utterances of Mr. Gladstone, quoted in chapter 18, and the history of the Irish tenantry, and the Indian peasantry, demonstrate that England is not in the slightest degree influenced by a spirit of benevolence in the treatment of her dependencies, and that she will readily reduce them to the lowest stage of misery, to augment the wealth of her creditor class. Let us, then, dismiss at once and forever all expectations of securing bimetallism through the concurrent action of the commercial nations.

On the 6th of May last an International Bimetallic league was formed by about fifty gold men in Chi-

cago, and in the paper they signed as the basis of their organization they say: "Those concerned in the movement, while earnestly opposed to the free coinage of silver, or to any ncreased use of silver by this country, independent of international action and agreement, believe that the repeal of the purchase clause affords a fitting and fortunate opportunity for advancing the cause of international bimetallism."

I cannot learn that these gentlemen have ever held a meeting or taken any steps whatever to promote the avowed purpose of their organization. It is doubtful whether they even desire its accomplishment and whether the real object of this movement is not to suppress the growth of the sentiment in favor of independent action by our government by occupying the public mind with a hope and expectation that they must know can never be realized. Certainly our delegation to the Brussels conference received no encouragement from the gold press of this country during the sittings of the conference or since. In recent years, whenever there has been a rising sentiment in favor of the free coinage of silver and a prospect of its being embodied in an act of congress, the gold men have attempted to divert attention to this subject of an international agreement.

Therefore every candidate for the United States senate or for a seat in the house of representatives who is in favor of inaction by our government in the absence of an international agreement for the equal use of gold and silver as money metals, can unhesitatingly be put down as a gold-standard man.

CHAPTER XX.

If this country should by law provide for the unrestricted coinage of silver and gold upon the ratio of 16 to 1, would it have the effect of depressing gold to a parity with silver upon this ratio not only in this country but throughout the world, so that sixteen ounces of silver bullion would exchange in the world's market for one ounce of gold bullion?

It must be borne in mind that the unrestricted coinage of a metal makes it a money metal, and that as the mint affords a permanent market for it at its mint valuation its market value will never fall below its mint valuation; consequently the coined and uncoined metal have precisely the same value; and that its value, like that of everything else, is governed by the extent of its use or employment. If equal employment is given to gold and silver for monetary purposes upon a prescribed ratio they will upon this ratio have the same value.

It follows from these premises that it is not

necessary in order to secure their parity upon such ratio that *all* commercial nations should join in the use of gold and silver for monetary purposes, but only that enough of them should so join as to give as large an employment to silver as is given to gold. ("Money and Mechanism of Exchange," by W. Stanley Jevons, pp. 141-143.)

In recommending our decimal system and the adoption by other nations of the "dollar" as a money unit, this author says, page 172: "But above all it is firmly adopted as the money of a nation which, as far as human wisdom can penetrate the future, is destined to become the most numerous, rich, and powerful in the world. That nation which has arisen from the best stock of England and has absorbed much of the best blood of other European nations and has inherited the richest continent in the world, must have an importance in coming times of which even Americans are barely conscious."

These words were given to the world in 1876, and our history since that time has fully justified the language here employed. Mr. Jevons says on page 142 of his valuable work: "If all the nations of the globe were suddenly and simultaneously to demonetize silver and require gold money,

a revolution in the value of gold would be inevitable. But M. Wolowski seems to forget that the nations of Europe constitute only a small part of the population of the world. The hundreds of millions who inhabit India and China and other parts of the eastern and tropical regions employ a silver currency, and there is not the least fear that they will make any sudden change in their habits."

The urgent reason for closing the Indian mints to silver was the then prospect that this country would suspend the further purchase of silver, and no one doubts that if we open our mints to silver the mints of India will be reopened for the reception of that metal. The whole of France can be placed within the limits of one of our forty-four states, and the territory left would be larger than that covered by the New England states. We are already the richest nation in the world, and only a comparatively small fraction of our resources are fully developed. The nations of Europe are now using about $1,500,000,000 of silver upon the ratio of 15 1-2 to 1, which must be constantly renewed and which, by reason of the increased value of gold since 1873, is imprisoned in the countries that use it, and does not flow into the world's money stock.

In view of these facts it is most reasonable to expect that with our industries restored to their normal activity we can, with the assistance of silver-using countries, which constitute much the larger portion of the population of the world, give as large an employment to silver as is given to gold by the comparatively small nations of western Europe. With such alluring prospects before us and the example of France behind us, should not national pride stimulate us to make the attempt to walk alone, rather than sink down overcome by the childish fear that we may fall? We are in the current which is sweeping all gold-using countries downward to bankruptcy, with nothing to hope for but companionship in the universal desolation that awaits them. Let us, animated by a true American spirit, leave this current before it is too late, and save ourselves by using all the material which nature has given us for monetary use. We never have had and never can have too much of it. The ignoble sentiment that if we succeed in bringing the metals to a parity other nations will practically enjoy with us the benefits of bimetallism should not make us hesitate.

CHAPTER XXI.

All will probably admit that if we should provide by law for the unrestricted coinage of silver and gold upon the ratio of 16 to 1, it would bring the metals to a parity upon that ratio in this country, for we have seen that in that event the coined and uncoined silver would have in the market precisely the same value and that this would also be true of gold. Fully endowed with the money function, the coins struck from sixteen ounces of silver, and the coins struck from one ounce of gold would be equivalent representatives of our money unit and must have the same value. They would therefore have the same purchasing and debt-paying power. Let us, then, at once and forever dismiss the financial heresy that has recently inspired many party platforms, that under such circumstances a silver dollar is not as valuable as a gold dollar for every monetary purpose whatever, or that there can be any possible difference between them in their purchasing and debt-

paying power. Would it have this effect upon their relative value in gold-using countries?

The value of silver bullion and gold bullion is determined by the quantity of commodities they will respectively exchange for. If 1,600 ounces of silver bullion will furnish in the English market the same quantity of American products needed in that market that 100 ounces of gold will furnish, then they will be worth in England, a gold-using country, 100 ounces of gold. The extent to which one country can maintain the parity of the metals in other countries upon the ratio it has adopted is determined by its ability to supply the markets of those countries with the products of its industries. The English gold and silver commission of 1888, consisting of six bimetallists and six monometallists, in accounting for the separation of the two metals, which commenced in 1873, said in effect, that the causes apart from legislation which would tend to separate the metals since 1873 were in operation prior to that time, yet that they were practically together from 1803 to 1873 by virtue of the bimetallic law of France, notwithstanding the great changes that had taken place in the relative production of the metals during that time. They therefore attrib-

uted their separation to the legislation of so many commercial nations which, in 1873 and subsequently, threw silver out of the world's money stock.

The reason they assigned for the ability of France to keep the two metals practically upon a parity, upon the ratio of 15 1-2 to 1, for so long a period, not only in France but in other countries, was the fact that she was able in a large degree to supply the markets of these countries with the products of her industries. And if this was true of France during that period, how much more is it true of this country, already the richest nation on the globe and relatively of a far greater commercial importance than was that of France during this period, and at a time when the world's annual yield of silver does not much if any exceed that of gold.

We all recollect that upon the passage of the Sherman law of 1890 the expectation that it would lead to the free coinage of silver caused a rise in the price of silver, or, more correctly speaking, depressed that of gold, and for a short time one ounce of silver was worth $1.21 in this country and also in England. The effect in India was instantaneous, and our missionary boards appealed

to the churches for additional aid, for the reason that the price of gold was depressed in India and that the sums we were accustomed to send our missionaries would not, to the same extent as formerly, supply them with the necessaries and conveniences of life. The effect was to cause a rise in the price of commodities in India as compared with gold. Their relation to silver was not changed. This shows that an advance in the price of silver is accompanied by a rise in the gold prices of commodities; that gold, "the sick metal," is depressed and has a diminished purchasing power. It also shows that our commerce is so extensive and the means of intercommunication with other countries so complete that a commodity of such world-wide importance as silver will have but one price in the world's market, and that the price we pay for it in our coinage law will rule its price everywhere.

If we should open our mints to the unrestricted coinage of silver and gold upon the ratio of 16 to 1, one ounce of silver would be worth in this country $1.29 in terms of gold. Silver-using countries now purchase the products of our manufacturing industries in the English market and pay for them with silver at 60 cents

an ounce. If we should give them $1.29 per ounce for their silver and pay for it with the products of our industries, they would leave England and trade directly with us. We would thus get the trade of all silver-using countries, including India and China. Ernest Seyd in a pamphlet published in 1880 said that three-fourths of the commerce of England was with silver-using countries. Rather than permanently lose this trade which has enriched her, England and western Europe would give these countries the same price for their silver in exchange for merchandise that we pay them for it, and in this way international bimetallism would be brought about.

CHAPTER XXII.

The Sherman law of 1890 contains the following clause: "It being the established policy of the United States to maintain the two metals (gold and silver) on a parity with each other upon the present legal ratio, or such ratio as may be provided by law." The policy of the government here declared is to maintain the *two metals* on a parity with each other. It has respect to the metals, gold and silver, of which money is made, and not to the coins struck from these metals and used as money. These coins, being equivalent representatives of our money unit, must have the same value or purchasing power, that is, the same relation to commodities, so long as they concurrently circulate and are used as money.

Any unit of money, or "dollar" is as valuable, that is, it has the same purchasing power as every other "dollar" regardless of the material in which it is embodied or by which it is represented. All that is required is that the material in the form of

a dollar be endowed by law with the function of money; and the value or purchasing power of this dollar depends upon the number of those units or the mass of money in circulation.

In making this declaration of the policy of the United States, Congress could not have had in view the gold and silver coins, but the gold and silver bullion, or metals, from which these coins are struck. How are these metals to be placed and maintained on a parity with each other upon a given ratio? How can sixteen ounces of silver bullion be made equal in value to one ounce of gold bullion, this being our present ratio? As the value of each of these metals is determined by its use for monetary purposes, their equality or parity with each other can only be secured by their equality in such use; in other words, by providing by law for their passage through the mints into the currency on a prescribed ratio *upon precisely equal terms*. It is the *ratio* upon which they are coined that brings the metals together, or diminishes the separation between them. This has been strikingly demonstrated by the operation of our coinage laws. In 1792, Alexander Hamilton, after careful examination, determined that the relation of the metals to each other then was 1

to 15, that is, that one ounce of gold was equivalent in value to 15 ounces of silver; and the best writers upon the subject have vindicated the correctness of his judgment. But France in 1803 opened her mints to the unrestricted coinage of gold and silver upon the ratio of 1 to 15 1-2, and this became the prevailing ratio in Europe. As one ounce of gold would exchange for only 15 ounces of silver in this country, but would exchange for 15 1-2 ounces of silver in Europe, it went to Europe and silver came to this country. In 1834, to attract gold to this country, we changed our ratio to 1 to 16, one half a point on the other side of the French ratio. The result was that as one ounce of gold would exchange for only 15 1-2 ounces of silver in France, but would exchange for 16 ounces of silver in this country, it came to this country, and our silver migrated to Europe. Consequently gold predominated in our currency down to 1873, and in this country silver was at about three per cent premium over gold. If the colossal blunder of throwing silver out of the money stock in 1873 (Carlisle in 1878 said: "It was the most gigantic crime of this or any other age") had not been committed; if instead, we had then changed our ratio so as to make it conform to

the French or European ratio, France would not have closed her mint against silver, and this disturbing silver question would never have arisen. It is therefore only through the agency of our coinage laws that the metals can be made to approach each other and their parity maintained. The phrase "the present legal ratio or such ratio as may be provided by law" manifestly means that the metals shall be freely coined upon the present legal ratio, and if, upon a fair trial, it does bring them together, then such change of the ratio shall be made as will accomplish this object. Hence the declaration of policy set forth in the above clause in the Act of 1890 was a declaration in favor of a bimetallic standard, and not for an exclusive gold standard, or an exclusive silver standard.

The present administration interprets the above clause in the Sherman Act as imposing an obligation upon the government to keep all the dollars in our currency, whether in the form of paper dollars or silver dollars, on a parity with gold, and that to do so it is indispensable that it shall be in a position to give gold coins in exchange for all this currency, as it is presented, and obtain this gold by issuing bonds for it in the name of the people and thereby increase the public indebtedness. It

was because an increase of the currency would be made by coining the silver seigniorage in the Treasury, amounting to $55,152,980.00, and thereby increase the difficulty of accomplishing this object, that President Cleveland vetoed the seigniorage bill in March last; and he appealed to this clause in the Sherman Act in justification of his course. He regards that clause as in effect placing this country upon an exclusive gold standard, and the continuance of silver in the situation of merchandise, and thereby defeating the policy declared in the clause, viz., the "maintaining of the parity of these *two metals* with each other upon the present legal ratio or such ratio as may be provided by law." For it must be apparent to every one that these metals can never be made to approach each other while one of them, gold, is a money metal, and the other, silver, is merchandise, but that they must drift farther and farther apart so long as gold continues to rise.

CHAPTER XXIII.

The Sherman law of 1890 was framed and became a law upon the supposition that the separation of the metals had taken place in consequence of a fall in the value of silver, occasioned by its greater abundance in recent years and the diminished cost of its production; and it was thought that the purchase by the government and withdrawal from the market of 4,500,000 ounces of that metal per month would eventually restore it to a parity with gold, when there could be an unrestricted coinage of gold and silver without injury to the finances of the country.

This view obtained for the measure the support of the senators from the silver states, and it became a law. This expectation caused a temporary rise in the value of silver, and it rose very rapidly to $1.21 an ounce. But this rise was only temporary; after reaching that point it commenced to decline and has been declining ever since. Notwithstanding this law, it went down during its

operation to less than 70 cents an ounce. The prices of wheat and cotton and other articles of merchandise went down simultaneously with silver. The closing of the mints of India against the free coinage of that metal precipitated a sharp decline of 20 cents an ounce in the short space of twenty-four hours. It was urged by the leading financiers of this country, and believed by the president, that the fall of prices and consequent financial and industrial depression was caused by this purchase clause in the Sherman act, which the Democratic party, in its platform of 1892, denounced as a "cowardly makeshift," and in the midst of the prevailing consternation, intensified by the closure of the mints of India, the president issued a call for congress to meet in extra session for the sole purpose of repealing this obnoxious measure. Congress came together, and during its session both houses were vehemently urged by the gold newspapers throughout the country to vote at once for the repeal of this measure and consider the wisdom of their action afterwards. It was everywhere claimed, and the president believed, that if this law was repealed a restored confidence would cause a return of our industrial activity and commercial prosperity to their normal

conditions. Bankers, when called upon by business men for money, replied, "We have lots of money, but cannot let you have any until the Sherman law is repealed," and congress was overwhelmed with petitions from boards of trade and business men acting collectively and individually, to act at once in compliance with the president's recommendation and repeal the Sherman law. Well, after a long struggle and after the president's wish had assumed the form of an edict or command for an "unconditional repeal" of the obnoxious measure, the purchase clause of the Sherman law was stricken out.

Falling prices and industrial depression have continued with greater severity during the succeeding year, and gold has gone out of the country in greater quantities than for a corresponding period prior to the repeal. The hidden cause of our difficulty has not yet been reached and removed. What is that cause?

If the supposition that the separation of the metals was caused by a fall in the value of silver for the reasons assigned was correct, then the purchase by the government of 4,500,000 ounces of that metal per month and withdrawing it from the market would have caused a

permanent rise in its value. But when we see that the prices of commodities have fallen with silver, and that the relation of silver to commodities in silver-using countries has remained unchanged, but that the gold prices of commodities in these, as well as in other countries, have continued to fall with silver, we cannot avoid the conclusion that the separation of the metals was wholly due to *a rise in the value of gold* and not to a fall in the value of silver. If this is true, it must be apparent to every one that the purchase by the government of silver to any extent is only a change of ownership of that article of merchandise, and cannot have the slightest effect in depressing or even arresting the rise in the value of gold. Even if all the silver should be purchased by the government and retired from monetary use, it would accelerate rather than retard the rise in the value of gold, which would be manifested by a continuous fall in the prices of commodities and other forms of property. The only possible way in which the rise in the value of gold and the consequent fall in the prices of commodities can be arrested is by restoring silver to its full monetary use and placing it in competition with gold as a money metal, and thereby introducing an opposite

influence that will restore the activity of our industries. The fact that the method adopted in the Sherman law to bring the metals to a parity did not accomplish this result does not in the slightest degree militate against the force of the declaration that "it is the established policy of the United States to maintain the parity of the metals with each other upon the present legal ratio or such ratio as may be provided by law," but we are compelled by this declaration to adopt a method that will give effect to this policy, and as this can only be done through the operation of our coinage laws, we must resort to that method for the accomplishment of this object.

CHAPTER XXIV.

The leading financiers of Europe and of this country act upon the assumption that the great body of our people do not understand and never will understand the principles of money and circulation and the effects of financial legislation. As this is already the richest country in the world, occupied by a most active and enterprising people, engaged in prosecuting industries of every clime and diligent in supplying their own and the markets of the world with the products of these industries, these financiers regard it as a most inviting field for the display of their skill in devising financial measures from the operation of which vast fortunes can be realized.

Our government was founded upon the theory that the people would take an interest in and become sufficiently acquainted with public affairs to choose those policies best calculated to promote their welfare. The only agency they can exercise in the affairs of government is in selecting from

their number, from time to time, the men who make and administer our laws. The details of legislation they are not required to master; they must leave this labor to their representatives; but they can in the selection of their representatives plainly indicate the policies they favor, and it is the bounden duty of their representatives to see that the will of the people, as legally expressed at the polls, so far as it is within the limitations of the constitution, is embodied in the laws of the land. It is this that makes this government of ours a popular government. No more important question can be submitted to the people of this country than the one that is now distinctly before them, which is: What shall their money be? Shall it consist of gold alone or of gold and silver? For upon the correct decision of this question depends their industrial and commercial prosperity. We can confidently say this, that when our people once grasp a subject that so greatly concerns them, they will never drop it; it never will be settled until it is rightly settled. The question is enveloped in no mystery. It only requires the mental effort of an ordinary intellect to throw a sufficient light upon a man's pathway to the polls to enable him to exercise an intelligent choice.

The considerations that should prevail with him can be very plainly stated:

1. That the only value of money is found in its relation to commodities and other forms of property; that the value of any given sum of money is the amount of property it will exchange for—in other words, its purchasing power; that in a commercial sense neither gold nor silver nor any other thing has any *intrinsic* value; that its value is wholly extrinsic and is expressed in the terms of the thing it will exchange for.

2. That the value or purchasing power of money depends entirely upon the mass or quantity of it in circulation, and not to any extent upon the character of the substance in which it is embodied or by which it is represented. Consequently as the volume of money is increased its value or purchasing power falls, and this is manifested by a rise in the prices of other forms of property, including wages, and that while money is falling in value it will engage in productive industries and give a larger employment to labor; that as the volume of money in circulation diminishes its value or purchasing power increases, and this is manifested by a fall in the prices of other forms of property; that while this process is go-

ing on money in idleness increases in value, retires from productive industries and seeks gilt-edged securities, and is quite satisfied with a low rate of interest; that falling prices means diminished profits, and that diminishing profits generates a war between labor and capital growing out of the necessity for a new adjustment of their wage relations to each other, and that this terminates their friendly co-operation and arrests production, which is the greatest evil that can befall a people.

3. That the great struggle of mankind is not for the material of which money is made, but for the office it performs. They want money not to hoard it but for the service it will render them.

The truth of these very simple propositions is vindicated by our daily experience and the experience of all former ages. If this is so, but one answer can be given to the question, whether the metallic basis of our currency shall be confined to gold alone or whether it shall consist of both metals, as it did practically the world over prior to that unfortunate year of 1873.

It is said: "If money derive its value from the office it performs and its value is dependent upon the quantity of it in circulation, and not to any

extent upon the material of which it is made, or by which it is represented, why not use paper money alone for monetary purposes, and not waste so much useless labor in digging out gold and silver?" The answer is that unaided human wisdom cannot fix a proper limit to the quantity of the circulating medium. (Please read chapter V. on this subject.) A resort to the printing press for our money would work the same injustice to creditors that the single gold standard now does to debtors. When the relation of money to other forms of property is once properly adjusted, a dollar that is constantly falling in value is no more an honest dollar than a dollar that is constantly rising in value. What justice demands is the continuance of an even scale, and this can be better accomplished by the use of both instead of one of the metals in the currency. No. Let our gold and silver mines be our banks of issue, and then metallic money will perform its legitimate function in properly limiting the quantity of our paper currency, which is the most convenient form of money and which will always do the principal work of commerce.

CHAPTER XXV.

The Democratic party in its platform of 1892 said: "We hold to the use of both gold and silver as standard money of the country, and to the coinage of both gold and silver without discriminating against either metal or charge for mintage." Had the platform stopped there, it would have been a distinct declaration in favor of the passage through the mint into the currency of the two metals, gold and silver, upon equal terms, and the equal use of the coins struck from these metals as money of ultimate payment, for in no other way can "gold and silver be used as the standard money of the country." Thus far it is an unqualified declaration in favor of bimetallism, which is simply endowing the coins struck from both metals with the money function and endowing the metals themselves while in the form of bullion potentially with that quality, thereby making them money metals. The platform contains this additional sentence: "But the dollar unit of coinage of both metals must be of equal intrinsic exchangeable

value, or be so adjusted through international agreement or the safeguards of legislation as shall insure the parity of the two metals and the equal power of every dollar in the markets and in payment of debts."

How is this involved sentence when read in connection with the first sentence, the one that precedes it, to be interpreted? If the interpretation of the platform should become a subject for judicial decision, the court and every honest mind would say that such a construction should be put upon it as would give effect, if possible, *to all the clauses* in the platform, and that an expression in one portion should not be allowed to nullify an equally plain expression in another portion of it, but that effect should, if possible, be given to both. Stripped of its barren verbiage the second sentence means that the "dollar" or unit embodied in the coins struck from the two metals, gold and silver, shall have equal intrinsic and exchangeable value, and equal purchasing and debt-paying power; in other words, that the "dollar" in the silver coin shall be the equal in every respect for monetary use, of the dollar in the gold coin. It has been shown that neither the silver dollar nor the gold dollar has any *intrinsic* value; that its

exchangeable value is simply its purchasing power, that is, its relation to the subject it is exchanged for, and is therefore wholly extrinsic (chapter 4); therefore the word intrinsic can serve no useful purpose, and should be stricken out of the platform.

By adopting the ratio of 1 to 16, the law says that 25.8 grains of standard gold and 412 1-2 grains of standard silver, each fabricated as the law directs, shall represent the "dollar," or unit of account; and being equivalent representatives of this unit, they must have the same purchasing and debt-paying power. The equality or sameness of this value resides in and is inseparable from the money function with which they are respectively endowed, and is in no manner dependent upon the character of the material selected to perform this function. The exchangeable value of this unit—that is, the quantity of a commodity that one or a given number of them will exchange for—is determined by the state of the market, which is beyond the reach of the law or any international agreement. In regard to the parity of the metals from which the coins are struck, which is loosely referred to in the second sentence, it has been shown (chapters 22, 23) that this can only be

secured by the operation of our coinage laws, as it was secured by the operation of the coinage laws of France from 1803 to 1873, a period of seventy years; therefore the contingencies for which the above quoted second sentence proposes to make provision are not incidents of the bimetallic system; indeed they cannot arise under that system, and consequently cannot be interposed as an obstacle in the way of giving full effect to the sentence in the platform first above quoted. The Republican platform of 1892 is substantially a repetition of the Democratic platform upon this subject, and is equally emphatic for the use of both metals, gold and silver, as standard money of the country. Strange to say, the president and his advisers profess to find in the Democratic platform and in the laws already passed by congress, authority to close our mints against silver, and place the country upon an exclusive gold standard. In this course he is sustained by administration Democrats and a united Republican party, with a very few honorable exceptions.

This, then, is the condition which confronts us, a stubborn refusal by those who have been elected to the highest offices in the gift of the people, to give effect to the popular will as clearly expressed

in the platform upon which they were elected—a condition that entirely excludes the popular element from our system of government and makes it no longer "a government of the people, by the people, and for the people." The people will have an opportunity to say in November next whether they will abdicate the high and supreme function with which the constitution of their country has endowed them, and in doing so determine whether silver shall be restored to its former place in their currency and their industries be revived, or whether the country shall continue on its downward course to bankruptcy upon the single gold standard. In the near or distant future the light will surely break in upon them, and silver will be restored to its ancient place as a money metal. But if delayed too long it may come to them as Burke said to the electors of Bristol: "Not through well contrived, well adjusted windows, but through the yawning chasms of their ruin."

THE END.

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